672 FEDERAL SUPPLEMENT

APPENDIX A—Continued

TO THE PRECEDING QUESTION IS "YES," OCESS PROMOTE THIS INTEREST? NO
QUALIFICATIONS" A SHAM USED BY PRETEXT FOR JUSTIFYING THEIR RFP NOX
AL VERDICT NO. 17
HAVE A SIGNIFICANT INTEREST IN THE FICATIONS OR BACKGROUND OF ANY CTING OR OPERATING A CABLE TELEVISION MENTO? (THE PUBLIC'S INTEREST IS AMONG OTHER THINGS, CONSUMERS WOULD LEVELS OF CABLE SERVICES AND OVERMMENT DID NOT INQUIRE INTO THE ILITIES OF CABLE OPERATORS.) NO

PACIFIC WEST CABLE CO. v. CITY OF SACRAMENTO, CAL. 1355 Cite as 672 F.Supp. 1322 (E.D.Cal. 1967)

APPENDIX A—Continued

b. IF YOUR ANSWER TO THE PRECEDING QUESTION IS "YES,"

DOES THE RFP PROCESS PROMOTE THIS INTEREST?

YES _____ NO __X

c. WAS "TECHNICAL QUALIFICATIONS" A SHAM USED BY
DEFENDANTS AS A PRETEXT FOR JUSTIFYING THEIR

YES NO X

RFP PROCESS?

SPECIAL VERDICT NO. 18

UNDER THE INSTRUCTIONS ON DAMAGES GIVEN TO YOU, WHAT AMOUNT OF DAMAGES, IF ANY, SHOULD BE AWARDED TO PLAINTIFF?

Federal Communications Commission Washington, D.C. 20554 COMMERC	APPLICATION FOR		LICENSE FOR R TV BROADCAST STATION	Approved by OMB 3060-0110 Expires 5/31/91
Fcommission Fee Use Only	FEE NO:		For <u>Applicant</u> Fee Use Only Is a fee submitted with this	
	FEE TYPE:		application?	🔀 Yes 🗌 No
	FEE AMT:		If No, indicate reason therefor (Nonfeeable application	check one box):
ID SEQ:			Fee Exempt (See 47 C.F.R. S	
For <u>Commission</u> Use Only: Fil	734 A	Governmental entity		
(a) Call Letters: (b) Princi	State ZIP Code 2 1 2 1 2 12 M X TV pal Community: State MD antification of any FM	(a) The Broadd Reports (F) by 47 C.F. If No, attack (b) The applica Form 323 C.F.R. Section of the section of t	cast Station Annual Employment CC Form 395-B) as required R. Section 73.3612? The as Exhibit Report (FCC) Mass or 323-E) as required by 47 ion 73.3615? The following information: of station for which it was filed.	X Yes No No Nation. BUR No
				FCC 303-1 May 1988

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	is the applicant in compliance with the provisions of Section 310 of the Communications Act of 1934, as amended, relating to interests of aliens and foreign governments?	X Yes, N
	to, attach as Exhibit No an explanation.	
	Since the filing of the applicant's last renewal application for this station or other major application, has an adverse finding been made or final action been taken by any court or administrative body with respect to the applicant or parties to the application in a civil or criminal proceeding, brought under the provisions of any law relating to the following: any felony; broadcast related antitrust or unfair competition; criminal fraud or fraud before another governmental unit; or discrimination?	Yes X N
	If Yes, attach as Exhibit No a full description of the persons and matters involved, including an identification of the court or administrative body and the proceeding (by dates and file numbers) and the disposition of the litigation.	
	Would a Commission grant of this application come within 47 C.F.R. Section 1.1307, such that it may have a significant environmental impact?	Yes X No
	If Yes, attach as Exhibit No an Environmental Assessment required by 47 C.F.R. Section 1.1311.	
	If No, explain briefly why not. See RF Report, attached.	
	Has the applicant placed in its station's public inspection file at the appropriate times the documentation required by 47 CF.R. Sections 73.3526 or 73.3527?	X Yes No
	If No, attach as Exhibit No a complete statement of explanation.	
regi auti repi	The APPLICANT hereby waives any claim to the use of any particular frequency or of the electromagnetic spect ulatory power of the United States because of the previous use of the same, whether by license or otherwise horization in accordance with this application. (See Section 304 of the Communications Act of 1934, as amended.) The APPLICANT acknowledges that all the statements made in this application and attached exhibits are cresentations and that all the exhibits are a material part hereof and are incorporated herein as set out in full in the RTIFICATION: I certify that the statements in this application are true-complete, and correct to the best of	a, and requests an considered meterial the application.
bel	lef, and are made in good faith.	, , , , , , , , , , , , , , , , , , ,
Nar	Richard J. Janssen Signature Janssen	
<u></u>	President and CEO May 31, 1991	
	WAS FULL FALSE STATEMENTS MADE ON THIS FORM ARE PUNISHABLE BY FINE AND IMPRISONMENT. U.S. CODE, TITLE 18, SEC	CTION 1001.

ANOTHER SACRAMENTO OVERBUILD?

Summary: The latest lawsuit in Sacramento, CA, is over a franchise application filed Jan. 11 by Cable America for a license to overbuild Scripps Howard (SH) in a 5,900-home area called Rancho Cordova.

The application was approved in Feb. even though it lacks the same

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SACRAMENTO RATE CLASS ACTION (continued from P. 3)

The complaint alleges unfair business practices, locality discrimination and local ordinance violations. In response, SH challenges whether subscribers have standing and are entitled to injunctive relief and damages. SH also raised statute of limitations and Cable Act preemption issues.

SH argues that only competitors, not consumers, have standing to sue over locality discrimination and that the present suit could lead to duplicate damages in light of the prior settlements.

Under a California Supreme Court ruling, said SH, the state's unfair competition statute addresses horizontal pricing and "protects only first-line competition against predatory price cutting."

The statute does not make price discrimination illegal when injury occurs in second- or third-line competition at the buyer level or lower. In this case, said SH, that's the level of consumers.

SH goes on to argue that the 1984 and 1992 cable Acts bar all class claims seeking damages and restitution of past overcharges based on the difference between what they paid and "competitive" rates.

In order to obtain such relief, said SH, the court or jury will have to determine a specific price SH should have charged in the noncompetition area, but establishing such a charge in essence constitutes rate regulation.

Said SH: "Plaintiffs are invoking state statutes and municipal ordinances to accomplish indirectly a result directly forbidden by the Cable Act-regulation of basic cable rates..."

Citing Storer Cable Comm. v. City of Montgomery, 806 F.Supp. 1518 (M.D.Ala. 1992), SH said claims based on price discrimination and unfair competition statutes constitute attempts to regulate cable TV rates and are preempted by sec. 543 of the Cable Act of 1984.

Scripps Howard is represented by Jack Fudge, Penny Costa, James Clark and Marc Flink of the Los Angeles and Denver offices of Baker & Hostetler and by Daniel McVeigh of Sacramento-based Downey Brand Seymour & Rohwer.

The class action plaintiffs are represented by Walnut Creek, CA-based Farrow Bramson Chavez & Baskin and by Weintraub, Genshlea & Sproul.

DANIEL J. MCVEIGH, State Bar No 77410 DOWNEY, BRAND, SEYMOUR & ROHWER 555 Capitol Mall, Suite 1050 Sacramento, California 95814 - n mer cr court (916) 441-0131 3 JACK D. FUDGE, State Bar No. 34983 MERI A. deKELAITA, State Bar No. 101644 PENNY M. COSTA, State Bar No. 137680 BAKER & HOSTETLER 600 Wilshire Boulevard Los Angeles, California 90017-3212 (213) 624-2400 7 Attorneys for Petitioner and Plaintiff SACRAMENTO CABLE TELEVISION 10 IN THE SUPERIOR COURT OF THE STATE OF CALIFORNIA 11 IN AND FOR THE COUNTY OF SACRAMENTO 12 373749 13 CASE NO. SACRAMENTO CABLE TELEVISION.

cable television franchises known as the "Cable Television Ordinance." The Cable Television Ordinance was enacted as Ordinance No. SCC 488 by the County, Ordinance No. 81-103 by the City of Sacramento, Ordinance No. 467 by the City of Folsom, and Ordinance No. 81-18 by the City of Galt, and has been amended from time to time. The Cable Television Ordinance created the Commission as a public entity separate and apart from the County and the Cities.

- Ordinance, an initial, non-exclusive cable television franchise was to be awarded by the governing bodies of the County and the Cities for an area within the boundaries of the County and the Cities described as the "Imposed Service Area." Under the Cable Television Ordinance, the holder of the initial, non-exclusive cable television franchise was required to install a cable television system throughout the entirety of the Imposed Service Area.
- Ordinance, the County and the Cities issued a request for proposals for the award of an initial, non-exclusive cable television franchise to be built throughout the Imposed Service Area. After conducting various meetings and hearings on the proposals and considering reports prepared by a consultant retained by the County, the Commission selected United Tribune Cable of Sacramento as the tentative franchisee, and prepared terms and conditions for the franchise. United Tribune did not accept the franchise as offered.

8. In or about July of 1983, a second request for proposals was issued. Four companies submitted proposals, including SCT's predecessor, Cablevision of Sacramento. Following additional meetings and public hearings, in or about November of 1983, the Commission adopted a resolution ("the Franchise Resolution") offering the initial non-exclusive franchise to Cablevision of Sacramento. (Cablevision of Sacramento changed its name to Sacramento Cable Television ("SCT") in 1985.)

9. Under the provisions of the Franchise Resolution, SCT had no discretion as to what areas of the County or Cities to

SCT had no discretion as to what areas of the County or Cities to serve. Rather, SCT was obligated to construct cable plant and provide cable television service to the entire Imposed Service Area, as defined in the Cable Television Ordinance, without regard to the profitability or lack thereof of conducting operations within any particular portion of the Imposed Service Area. SCT was obligated to construct cable plant and provide cable television service in high-income and low-income areas at the same pace and, with certain limited exceptions, to charge a uniform rate for cable service throughout the Imposed Service Area. SCT was also obligated to maintain specified technological standards throughout the cable system, and to provide certain public, educational, and governmental access.

10. On or about January 26, 1988, the Franchise
Resolution was amended and superseded by the Amended and Restated
Resolution of the Board of Directors of the Sacramento Metropolitan
Cable Television Commission Regarding Initial Cable Television
Franchise ("the Amended Franchise Resolution"), which did not,

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however, change the obligation to provide universal service within the Imposed Service Area.

SCT accepted the Franchise Resolution and Amended Franchise Resolution as offered, including the requirement that universal service be provided throughout the Imposed Service Area. Beginning in 1984, SCT has expended more than two hundred million dollars making cable television service available to nearly every home and residence within the Imposed Service Area.

In or about September of 1989, the California 12. legislature enacted and amended Section 53066, et seq., of the Government Code, a statute to prohibit the construction of a cable television system without a franchise and to regulate the granting of additional cable television franchises by local government bodies within the State. Section 53066.3(d) provided:

> "Any franchise to provide cable television service in an area already franchised and served by an existing cable operator shall require the franchisee to wire and serve the same geographical area, and shall contain the same public, educational, and governmental access requirements that are set forth in the existing franchise."

In or about July of 1990, Section 53066.3(d) was amended to limit its requirements to those situations where the applicant seeks to obtain an additional franchise in an area in which a franchise has already been granted and the existing cable operator is actually providing service or certifies to the franchising authority that it is ready, willing, and able to

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provide service. The amendment also required the additional franchises to wire and serve the geographical area of the existing cable operator within a reasonable time, and in a sequence which does not discriminate against lower income or minority residents. Section 53066.3(d) now provides:

"Any additional franchise granted to provide cable television service in an area in which a franchise has already been granted and where an existing cable operator is providing service or certifies to the franchising authority that it is ready, willing, and able to provide service, shall require the franchisee to wire and serve the same geographical area within a reasonable time and in a sequence which does not discriminate against lower income or minority residents, and shall contain the same public, educational, and governmental access requirements that are set forth in the existing franchise. This subdivision does not apply where all existing cable operators certify to the franchising authority that they do not intend to provide service within a reasonable time to the area to be initially served by the additional franchise."

This amendment retained the essential requirement that any applicant for a cable television franchise within an area where an existing franchisee is providing service must agree to serve the same geographical area as the existing franchisee.

14. Prior to the enactment and amendment of
Section 53066, et seq., in or about July of 1987, the Cities and
the County adopted a Cable Television Licensing Ordinance ("the
Licensing Ordinance") to establish a plan for the licensing of
additional cable television services within the County and Cities.
Thereafter, the Licensing Ordinance was amended from time to time.
The Licensing Ordinance, as amended and presently constituted,
requires that any applicant for a cable television license or
franchise within the County or City provide:

- "(a) a clear description of the identity of the applicant, including but not limited to the name of the applicant, the address of the applicant, the nature of business entity;
- "(b) copies of the policy or policies of liability insurance, including comprehensive general liability insurance products completed operations liability, personal injury liability, owners and contractors protective liability, broad form property damage, contractual liability, automobile liability (owned; non-owned and hired automobiles), workers compensation and employer liability required by section 5.75.604;
- "(c) (1) a clear description of the boundaries of the precise geographic area for which applicant seeks a License ('License Area') defining the area by metes and bounds in terms of street name and direction or (2) a map

or maps of a scale of not less than one inch (1") equals one thousand feet (1000') showing the License Area boundaries; and

- "(d) a calculation and certification of the initial penal sum of the performance bond which will be provided prior to the initiation of construction pursuant to section 5.75.600 or the election of the applicant to provide the alternative performance bond specified by section 5.75.601."
- Commission is charged with final decision-making authority on all license applications, and "shall issue all Licenses for which applications are received" which comply with the provisions set forth above unless "any License theretofore issued to any affiliate, subsidiary or parent of the Licensee or any other person or entity in which the Licensee has a financial interest or which has a financial interest in the Licensee shall be thereupon in default as to any provision of this Chapter or as to any provision of any Licensee issued hereunder."
- 16. The Licensing Ordinance, both as enacted and as amended, fails to make reference to Section 53066.3(d) of the Government Code, nor does it require any applicant for a cable television license or franchise to comply with the provisions of Section 53066.3(d).
- 17. On or about January 11, 1993, real party in interes CableAmerica, submitted an application to the Commission for a

 cable television franchise license. The application was for the area described as:

"Begining [sic] at the intersection of Kiefer Blvd. and Jackson Road, move east to Latrobe Road. Next, move north northeast on Latrobe Road to the Sacramento/El Dorado County Lines. Next, move north following the Sacramento County Line to the El Dorado Freeway (Rte. 50). Next, move west on the El Dorado Freeway to the intersection of Hazel Ave. and the El Dorado Freeway. Next, move north on Hazel Ave. to the American River. Next, move in a westerly direction following the American River to the point at which the American River and Watt Ave. intersect. Next, move south on Watt Ave. to the intersection of Watt Ave. and Florin Road. Watt Ave. now becomes Elk Grove Florin Road at this point. Continue south on Elk Grove Florin Road to Stockton Blvd. Next, move south southeast to the intersection of Stockton Blvd. and Grant Line Road. Next, move northeast on Grant Line Road to the intersection of Grant Line Road and Bradshaw Road."

18. A significant portion of the CableAmerica license area covers an area within which a franchise has already been granted to SCT. Said area is within the boundaries of the area for which SCT was obligated to construct cable plant and provide cable

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television service by virtue of the Cable Television Ordinance, the Franchise Resolution, and the Amended Franchise Resolution, and within which SCT is currently providing service.

same geographical area as SCT is obligated to serve. Nevertheless, on or about February 4, 1993, pursuant to the provisions of the Licensing Ordinance, the Commission approved the license application of CableAmerica by Resolution No. 93-001. In approving the license application the Commission did not require that CableAmerica agree to wire and serve the same geographical area as is served by SCT under its existing franchise. Further, SCT is informed and believes that in granting the license application, the Commission did not impose the same public, educational, and governmental access requirements as were imposed on SCT. This action was in direct violation of the provisions of Section 53066.3(d) of the Government Code.

20. By awarding an additional cable television franchise

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particular portion of the Imposed Service Area. SCT will suffer prejudice, and CableAmerica and other companies will enjoy an unfair competitive advantage, if CableAmerica or other companies are able to carve out for themselves the more desirable areas of SCT's franchise and if they are permitted to construct and operate a cable television system at vastly less expense within those limited areas.

22. CableAmerica has informed SCT that it will begin construction of its cable plant within 45 to 60 days, and has demanded that SCT immediately begin preparation of all make-ready requirements that might be required to facilitate CableAmerica's attachment to utility poles in SCT's license area. SCT will suffer substantial cost and expense if it is forced to comply with this request.

COMPLAINT

FIRST CAUSE OF ACTION

(for Declaratory Relief)

23. Petitioner and plaintiff SCT refers to the

- 25. SCT desires a declaration that the Licensing Ordinance is void insofar as it permits or requires the granting of cable television licenses without regard to the requirements of Section 53066.3(d) of the Government Code.
- 26. Such a declaration is necessary and appropriate at this time under the circumstances in order that the parties may ascertain their rights and duties under the Licensing Ordinance and Section 53066.3(d) of the Government Code.

SECOND CAUSE OF ACTION

(for Injunctive Relief)

- 27. Petitioner and plaintiff SCT refers to the allegations of paragraphs 1 through 22 above, and by this reference incorporates the same herein as though fully set forth at length.
- enacted would result in irreparable injury to SCT in that SCT has already built and installed cable plant throughout the Imposed Service Area without regard to cost and profitability. SCT will suffer prejudice, and CableAmerica and other companies will enjoy an unfair competitive advantage, if CableAmerica or other companies are able to carve out for themselves the more desirable areas of SCT's franchise and if they are permitted to construct and operate a cable television system at vastly less expense within those limited areas.

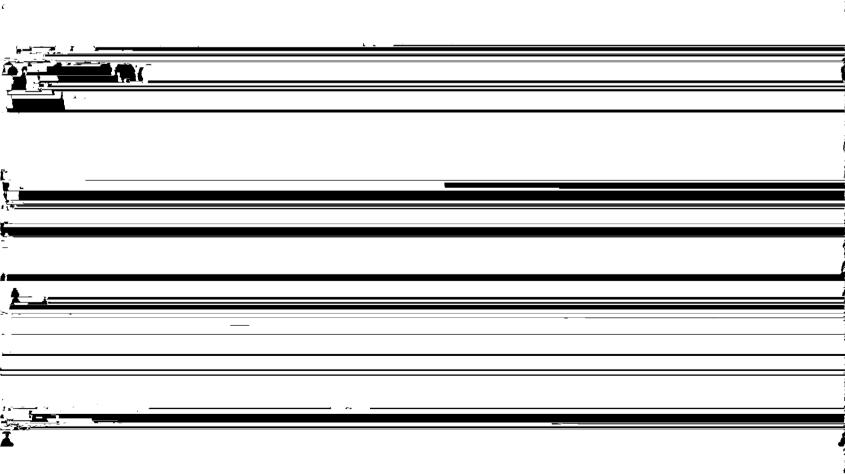
PRAYER

WHEREFORE, petitioner and plaintiff SCT prays:

1. That a peremptory writ of administrative mandate issue pursuant to Code of Civil Procedure § 1094.5, directed to the Commission, compelling the Commission to comply with Section

53066.3(d) of the Government Code and adopt a resolution vacating Resolution No. 93-001 dated February 4, 1993, approving the license application of real party in interest CableAmerica in violation of Section 53066.3 of the Government Code, or to take such other appropriate action as will accomplish this result;

2. Or, in the alternative, that a peremptory writ of mandate issue pursuant to Code of Civil Procedure § 1085, directed to the Commission, and compelling the Commission to comply with Section 53066.3 of the Government Code and adopt a resolution vacating Resolution No. 93-001 dated February 4, 1993, in which real party in interest CableAmerica was granted permission to



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6. For such other and further relief as this Court may deem just and proper.

Dated: March 5, 1993

DANIEL J. MCVEIGH DOWNEY, BRAND, SEYMOUR & ROHWER

JACK D. FUDGE MERI A. deKELAITA PENNY M. COSTA BAKER & HOSTETLER

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Attorneys for Petitioner and Plaintiff SACRAMENTO CABLE TELEVISION

VERIFICATION

I, R. Kim Rueckert, hereby declare as follows:

I am the General Manager of petitioner and plaintiff
herein, Sacramento Cable Television ("SCT"), and am authorized to
make this verification for and on its behalf. I have read the
foregoing Complaint Of Sacramento Cable Television For Injunctive
And Declaratory Relief And Petition For Writ Of Administrative
Mandate (C.C.P. § 1094.5) Or Writ Or Mandate (C.C.P. § 1085) and
know the contents thereof. The same is true of my own knowledge,
except as to those matters which are therein alleged on information
and belief, and as to those matters, I believe it to be true.

I declare under penalty of perjury that the foregoing is true and correct.

Executed March 8, 1993, at Sacramento, California.

R. Kim Rueckert

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TELESCRIPPS SUES GLASGOW, KY

In the newest challenge to city ownership, TeleScripps is suing Glasgow, KY, the city's Electric Plant Board, the mayor and 12 councilmen. Tele-Scripps Cable Co. v. City of Glasgow, C-88-0169BG(M) (W.D.Ky, filed 11/4/88).

TeleScripps claims the award of a franchise to the city's Electric Plant Board violates the KY TVA Act, the U.S. TVA Act and the KY Constitution.

The complaint also contains breach-of-contract, misrepresentation and antitrust counts relating to a 1/11/88 RFP for a second franchise and the subsequent issuance of a franchise to the Glasgow Electric Plant Board (EPB).

On 1/25/88, following receipt of two bids, one from the EPB and the other from Wyatt Enterprises, the council passed the first reading of an ordinance awarding a second franchise to the EPB.

TeleScripps claims the EPB's proposal failed to address the need for a second franchise, financing, the impact of duplicate services, a construction timetable, technical standards, PEG access channels and franchise fees.

The KY TVA Act, according to TeleScripps, doesn't authorize the construction or operation by the EPB of a private, non-essential business.

Another count alleges that the KY TVA Act requires a referendum vote before a city issues bonds for an electric plant or a cable system.

The federal TVA Act promotes the lowest possible electric rates. By using electric service revenue as collateral for a bond issue to build a cable system, the city violates the U.S. TVA Act too, said the complaint.

The KY Constitution requires a city to award a franchise to the "highest and best bidder." Glasgow's contract with TeleScripps implies the parties will not impair the obligations and rights under the contract.

TeleScripps' version

TeleScripps said that, in 1983, it spent \$500,000 on an upgrade, following city threats to revoke TeleScripps' predecessor's franchise.

The suit's misrepresentation count alleges that the city failed to give notice at that time that TeleScripps would not be given a full opportunity to recoup its investment.

A restraint-of-trade count emphasizes Glasgow's control of its own utility poles. TeleScripps is seeking a declaratory judgment that Glasgow lacks authority to operate a cable system and a preliminary injunction to halt the financing of the system.

In a 12/12 answer, the city asked the court to dismiss seven of the eight counts and to grant the defendants summary judgment on the other count.

Glasgow contends that TeleScripps lacks standing to enforce the TVA Act counts and that TeleScripps cannot allege that it has a right under the KY TVA Act, or any other law, to be free from competition.

The city further claims that no contract exists between Glasgow and TeleScripps; it's a mere license and doesn't guarantee that no other authorizations will be issued, said the city.

TeleScripps claims that, when it rebuilt the system in 1983, the city didn't indicate the company would not be allowed to recoup its investment.

Glasgow says it had no plans to award a second franchise and no duty to provide TeleScripps with an opportunity to recoup its investment.

Burt Braverman of Cole, Raywid & Braverman represents TeleScripps; Randy Young of Miller, Young & Holbrooke represents the EPB and Glasgow; Uhel Barrickman represents the EPB; and H. Jefferson Herbert represents the city.